

Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03
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SS-15 STR-07 TRSE-00 ACDA-12 /126 R

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-----105260 080648Z /12
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FM SECSTATE WASHDC
TO AMEMBASSY MEXICO

CONFIDENTIAL STATE 144704

E.O. 11652: GDS

TAGS: ENRG, MX, US, ETRD

SUBJECT: POSSIBLE CRUDE OIL EXCHANGES WITH MEXICO

1. COMMERCE DEPARTMENT'S EXPORT CONTROL AUTHORITIES HAVE RECEIVED AN APPLICATION FOR PERMISSION TO EXCHANGE ALASKA NORTH SLOPE CRUDE OIL FOR MEXICAN ISTHMUS CRUDE. ALASKAN OIL WOULD BE SHIPPED TO A PEMEX REFINERY AT SALINA CRUZ, IN EXCHANGE FOR PEMEX CRUDE SENT TO THE US GULF COAST. THIS TYPE OF EXCHANGE WOULD BE ELIGIBLE FOR CONSIDERATION UNDER EXCEPTIONS TO PETROLEUM EXPORT REGULATIONS, WHICH PERMIT A LICENSE TO BE ISSUED FOR "TRANSACTIONS CARRIED OUT FOR CONVENIENCE OR INCREASED EFFICIENCY OF TRANSPORTATION WITH PERSONS OF THE GOVERNMENT OF AN ADJACENT FOREIGN STATE." SUCH EXCHANGES ARE REGULARLY CONDUCTED WITH CANADA.
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2. TO FULFILL REGULATORY REQUIREMENTS, COMMERCE AUTHORITIES MUST SATISFY THEMSELVES THAT PROPOSED EXCHANGES WILL RESULT IN AVAILABILITY OF EQUAL OR GREATER QUANTITY AND QUALITY OF CRUDE OIL TO US, AND THAT CRUDE EXPORTED FROM THE US IS INDEED PROCESSED BY THE RECIPIENT COUNTRY, NOT SUBSEQUENTLY RE-EXPORTED. IN THE CASE OF CANADA-US EX-

CHANGES, CANADA'S NATIONAL ENERGY BOARD, A GOVERNMENT
REGULATORY BODY, APPROVES AND CERTIFIES EACH EXCHANGE ON A

CASE-BY-CASE BASIS, AS DO COMMERCE AUTHORITIES. WITHOUT
RAISING SUBJECT WITH MEXICANS, DEPARTMENT WOULD APPRECIATE
EMBASSY'S ADVICE AS TO LIKELIHOOD THAT SOME GOM AGENCY
COULD PROVIDE SIMILAR APPROVAL AND CERTIFICATION OF
PROPOSED US-MEXICAN CRUDE OIL EXCHANGES. THIS MIGHT BE
FACILITATED IF, FOR INSTANCE, THERE ARE MEXICAN LICENSE
REQUIREMENTS OR OTHER CONTROLS ON IMPORT OR EXPORT OF
CRUDE OIL. IF NO CONTROLS EXIST, NOR ANY GOVERNMENT
REGULATORY BODY, WOULD PEMEX, AS A STATE COMPANY, BE ABLE
TO PROVIDE APPROPRIATE GUARANTEES.

VANCE

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NNN

Message Attributes

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TAGS: ENRG, ETRD, MX, US
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